

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:4213
ANSWERED ON:10.04.2003
IOCL'S AVIATION FUEL BUSINESS IN SRI LANKA
CHARAN DAS MAHANT;SRIPRAKASH JAISWAL

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether Indian Oil Corporation Limited proposes to enter aviation fuel business in Sri Lanka;
- (b) if so, the details thereof;
- (c) whether Sri Lanka Government has extended any tax holiday to IOCL for its petro retailing business;
- (d) if so, the details thereof;
- (e) the number of retail outlets IOCL proposes to set up in the coming years in Sri Lanka;
- (f) the sources from which IOCL would get petrol, diesel and Aviation Turbine Fuel for sale in Sri Lanka; and
- (g) the extent to which IOCL would be benefited by such business deals with Sri Lanka?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) & (b) Yes, Sir. Indian Oil Corporation Limited (IOC) has plans to enter aviation business in Sri Lanka through its wholly - owned subsidiary, Lanka IOC Private Limited (LIOC).

(c) & (d) Yes,. Sir. The Government of Sri Lanka have accorded 10-years tax holiday in respect of profits and income to LIOC subject to the company investing Sri Lankan Rs.340 crore over a period of five years in Sri Lanka. After ten years, LIOC will pay tax @ 15% as against the normal rate of 35% payable by others.

(e) LIOC has taken over 98 retail outlets. It has plans to take over another about 150 retail outlets.

(f) LIOC will source petroleum products for sale in Sri Lanka by way of imports from India and other sources, on competitive terms.

(g) Benefits that are likely to accrue through such business deal are getting a foothold in international petroleum market, fulfillment of IOC's vision to become a transnational corporation, possible entry into downstream petroleum sector in the neighbouring SAARC countries, finding an outlet for surplus product from Indian refineries, return on investment and improvement in bilateral ties with Sri Lanka.